AN AUTHORITY ON MINES AND MINING.

The Oasis

THE BEST WEEKLY NEWSPAPER IN ARIZONA.

SECOND SERIES, Vol. XV, No. 29 — NOGALES, ARIZONA, SATURDAY, NOVEMBER 26, 1910. — Whole No. 915

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MEXICO.

A Resume of the Growth of a Century.

(From Dun's Review.)

On the night of September 15, 1810, Miguel Hidalgo y Costilla inaugurated the revolution, that resulted after eleven years in the independence of Mexico, by ringing the bell of the little church of Dolores of which he was the parish priest. At the same hour, on September 15, 1910, President Diaz rang the same bell, which now hangs on the National Palace in Mexico City, thereby proclaiming the completion of the first century of the Mexican nation. The transformation that has taken place in Mexico during the hundred years that have intervened between these two historic incidents is in many respects unparalled. It was not, however, until the accession to the presidency of General Porfirio Diaz in November, 1876, that the real record of Mexican progress began. Prior to that date the country was constantly torn by civil and foreign wars, in which the splendid energies of its people were largely wasted, while its magnificent natural resources remained undeveloped, and to a great extent undiscovered. As a result of the apparently interminable series of domestic revolutions the banking resources of the country were at this period practically exhausted and its foreign credit almost entirely so. The first gift of President Diaz to his countrymen was peace, and if his uninterrupted rule of thirty-four years had accomplished nothing else, he would have been entitled to a high rank among the world's great rulers. With Diaz, however, this was only a beginning—a preparing of the way for the greater achievements that were to come. Surrounding himself from the very outset with a group of able advisers, President Diaz inaugurated an era of constructive statesmanship astonishing alike for the breadth of its ideals and the completeness of their realization.

Foremost among the great tasks that confronted his administration was the financial rehabilitation of the republic. For a few years the nation was on the verge of bankruptcy, and a vigorous policy of retrenchment was necessary before the series of annual deficits could be stopped. Steps also had to be taken to increase the revenues without at the same time impoverishing the country. In the fiscal year 1877-1878 the national revenues were less than $20,000,000 (silver), as compared with $99,000,000 in 1908-1909 and over $114,000,000 in 1906-1907. In the last fourteen years the returns of the Federal Government showed an aggregate surplus of over $136,900,000 (Mexican), of which $61,000,000 were devoted to public works. This, however, is only a small part of the achievement of the Department of Finance. By 1885 the government had secured the enactment of laws recognizing the country's legitimate debts and providing definite means for their payment. Three years later, by virtue of this policy, the entire national debt was refunded at 6 per cent. Two additional 6 per cent loans were shortly afterward negotiated, together with one 5 per cent loan, and in 1899 the entire national debt was converted into a new loan bearing 5 per cent interest. This loan has now just been successfully refunded at 4 per cent, thus placing the foreign credit of Mexico on a par with that of some of the leading States in Europe.

For the last seventeen years, since May 9, 1893, the fiscal policy of the Mexican Government has been guided by Sr. Jose Yves Limantour, whose achievements during this period entitle him to rank as one of the greatest Ministers of Finance in history. Both the five per cent and four per cent refunding operations above mentioned were successfully carried out under Sr. Limantour's administration. Another important reform was the abolition of the local taxes known as "alcabalas." These obstacles to commerce were imposed not only between the different States but in many instances between different towns and cities. Notwithstanding their ancient origin all of these taxes were suppressed in 1896 and so careful were the measures taken by the government that this great economic change was effected without the slightest disturbances to business, while the national revenues for that year actually increased. The next great reform to which Sr. Limantour addressed himself was the enactment of sound banking laws for the entire republic. These were passed in 1897 and amended in 1898 and form in many respects models of banking legislation. Far more important and vastly more difficult was the reform of Mexican currency rendered necessary by the steady decline in silver. To this problem the government not only directed the attention of all the leading financiers of Mexico but held conferences on the subject in which leading financial authorities from abroad participated. The result was a currency reform law passed in 1905 which has proved in actual operation to be a complete success. No longer do the Mexican exchange rates fluctuate as before, thus eliminating once and for all the speculative element that formerly rendered business operations of even the most legitimate description so precarious.

Equally monumental with the great fiscal reforms above mentioned has been the expansion of Mexico's railway system. When President Diaz first assumed power in 1877 the total length of the railways in operation in the republic was 617 kilometers, whereas on April 1, 1910, the total was 24,320, or about 40 times as great as in the earlier year.

The increase in traffic and earnings naturally corresponds with that in mileage, the growth being as follows: Number of passengers carried in 1877, 874,250; in 1909, 10,203,981. Freight in 1877, 158,930 tons; in 1909, 9,472,664 tons. Gross earnings in 1877, $2,844,825 and in 1909 $68,993,131. The record of growth would be even greater but for the fact that the figures for 1909 do not include all the railways that were in operation during the year.

The only important railway line in operation 1877 was the one running from Mexico City to the port of Veracruz. To-day railways exist connecting every important town with the capital and with the seacoast, while the country has three distinct transcontinental routes in actual operation. These have brought the Pacific coast States for the first time in close communication with the rest of the republic, and before long the distant northwestern States of Sonora and Sinaloa will be in rail communication with the capital. One of the principal railway enterprises of the Diaz administration was the construction of a railway across the Isthmus of Tehuantepec between Puerto Mexico on the Gulf and Salina Cruz on the Pacific. The completion of this railway in 1907 inaugurated a transcontinental route that plays an important part in international commerce.

The most important achievement of the Diaz administration, however, with respect to the railways of Mexico, was the acquisition by the government, between 1903 and 1907, of a controlling interest in the National Railroad Company of Mexico and the Mexican Central Railway Company, and the consolidation of these two properties under the title of the National Railways of Mexico. The extensive and difficult financial operations incident to this merger were successfully carried on by Sr Limantour, and as a result not only are the railways of Mexico in a very much stronger financial position than before, thus making possible the extension of the Mexican Central to the Pacific coast at Manzanillo, but all possibility of foreign control of Mexico's railway system was definitely removed. In addition to the National Railways the Mexican Government controls the International, the Interoceanic and the Mexican Southern Railways, these forming a part of the merger and making the total length of railway lines brought under governmental control by that operation 11,634 kilometers. In addition the goverment owns outright the Veracruz and Isthmus line, 424 kilometers long, and the Tehuantepec National, 333 kilometers in length. The government therefore owns a controlling interest in or operates outright 12,390 kilometers of line, or slightly more than half of the entire railway mileage of the country. The government lines, moreover, comprise nearly all of the principal trunk line routes of the country and thus dominate its entire railway system, whereas the lines operated by private capital are for the most part isolated from one another and could by no means be connected into an independent system, thus giving the government strategic control of the railway situation.

Wisely perceiving that, so far as its foreign trade relations were concerned, the construction of modern seaports was necessary in order to reap the full benefit of the network of railways it had created, the government of President Diaz at a very early period began to devote its attention to the reconstruction of the country's pricipal seaport. From time immemorial almost all of these had been little more than roadsteads in which ships had to anchor many hundreds of feet offshore and discharge their cargoes into lighters—a system that still prevails in many Latin-American ports. Veracruz was the principal maritime port, and here President Diaz inaugurated a costly plan of port improvement that substituted a safe and and commodious harbor for the former perilous and exposed roadstead. The government also established new waterworks and an electric lighting system, repaved the streets and constructed a sewerage system so that the city, once notorious for its insanitary condition, is now a health and pleasure resort. Important improvements were also effected at Tampico, and at Progreso, the chief port of Yucatan; and at Guaymas and Mazatlan on the Pacific coast. Almost wholly new ports were created as the terminal of the Tehuantepec Railway at Puerto Mexico and Salina Cruz, while the Mexican Government has expended immense sums in making a safe harbor at Manzanillo where the sea walls and breakwater are among the largest and strongest ever erected. The total cost of the works at Manzanillo to date is $8,000,000, Mexican, and the country now has a harbor capable of accommodating the largest steamships afloat, geographically situated almost at the center of its Pacific coast and in close proximity to the most densely inhabited States in the republic. Articles have appeared in Dun's Review from time to time describing and illustrating the progress not only on the port works at Manzanillo but those at Veracruz, Puerto Mexico and Salina Cruz.

A direct result of the establishment of peace in all parts of Mexico and the re-establishment of the nation's credit abroad was the influx into the country of an immense amount of foreign capital. At the outset this was directed principally toward the exploitation of Mexico's vast mineral resources. From prehistoric times the country has been known to contain immense quantities of gold and silver. The Aztecs and Toltecs were possessed of great quantities of these precious metals, and throughout the entire period of Spanish dominion the mines of Mexico were among the most productive in the world. In the early period of Mexican independence considerable foreign capital was invested in mining industry, but the frequent recurrence of revolutions and the lack of a strong central government capable of suppressing highwaymen and bandits rendered the industry precarious. It was not long after the advent of President Diaz that foreign financiers perceived the favorable change in conditions due to his strong rule, and hundreds of millions of dollars, chiefly coming from the United States, were invested in Mexican mines and in the railway lines needed to open up the principal mining districts. A considerable

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